

Very Light Jets Market Arena



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Forward Looking Statement

This presentation includes forward-looking statements or statements about events or circumstances which have not occurred. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business and our future financial performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things: general economic, political and business conditions, both in Brazil and in our market.

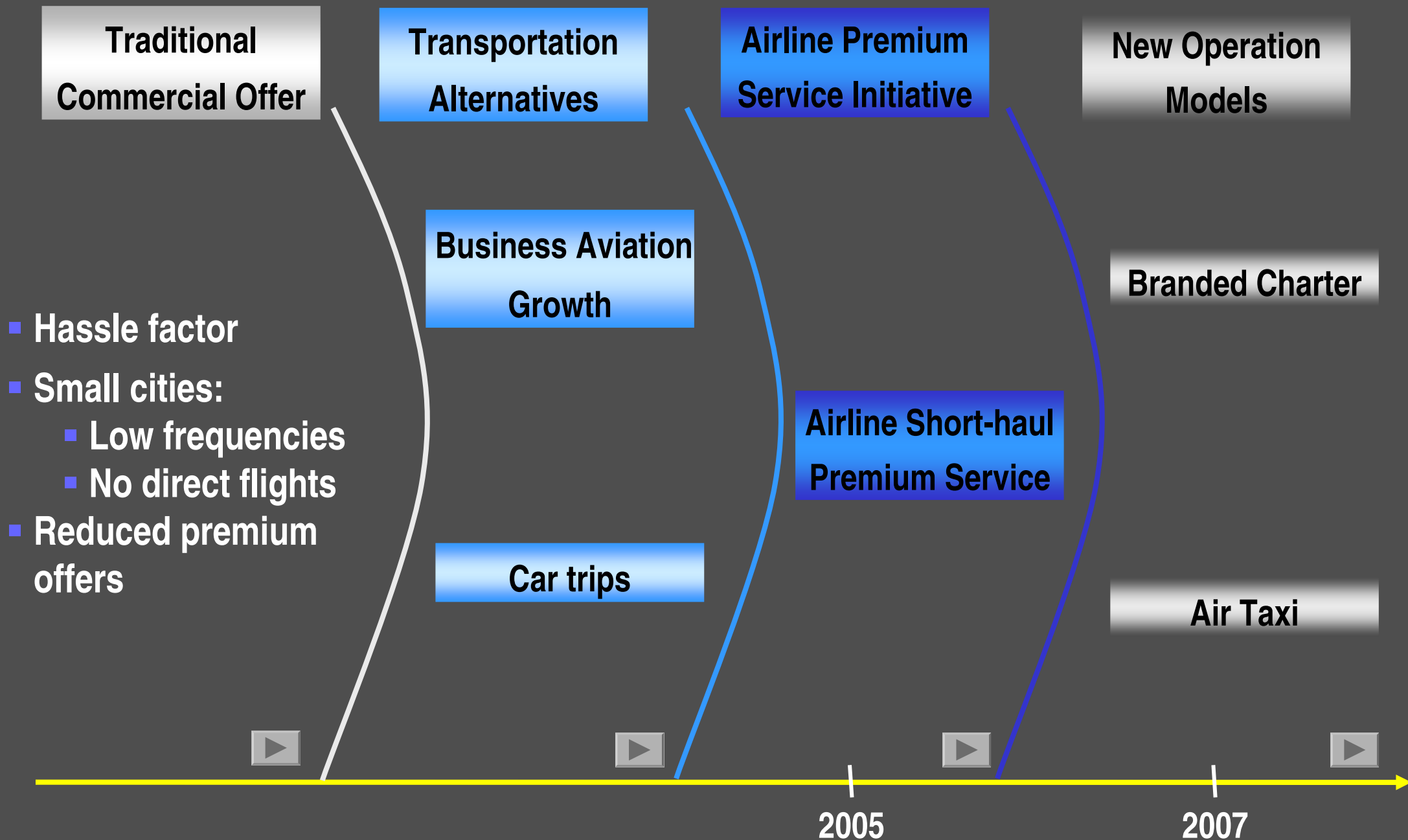
The words “believes,” “may,” “will,” “estimates,” “continues,” “anticipates,” “intends,” “expects” and similar words are intended to identify forward-looking statements. We undertake no obligations to update publicly or revise any forward-looking statements because of new information, future events or other factors. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation might not occur. Our actual results could differ substantially from those anticipated in our forward-looking statements.

- Transportation Industry Highlights
- Embraer VLJ Forecast
- Phenom 100 Applicability



Transportation Industry Highlights

Transportation Industry Highlights



Hassle Factor: Growing Delays

USA

73% of pax at 35 hubs

90% of delays at main hubs



Heathrow airport after the London's terrorist threat

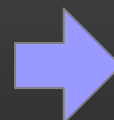
Europe

13% flight delays increase in 2005

20% more than 15 min delay

Sources: FAA 2005; Eurocontrol 2006

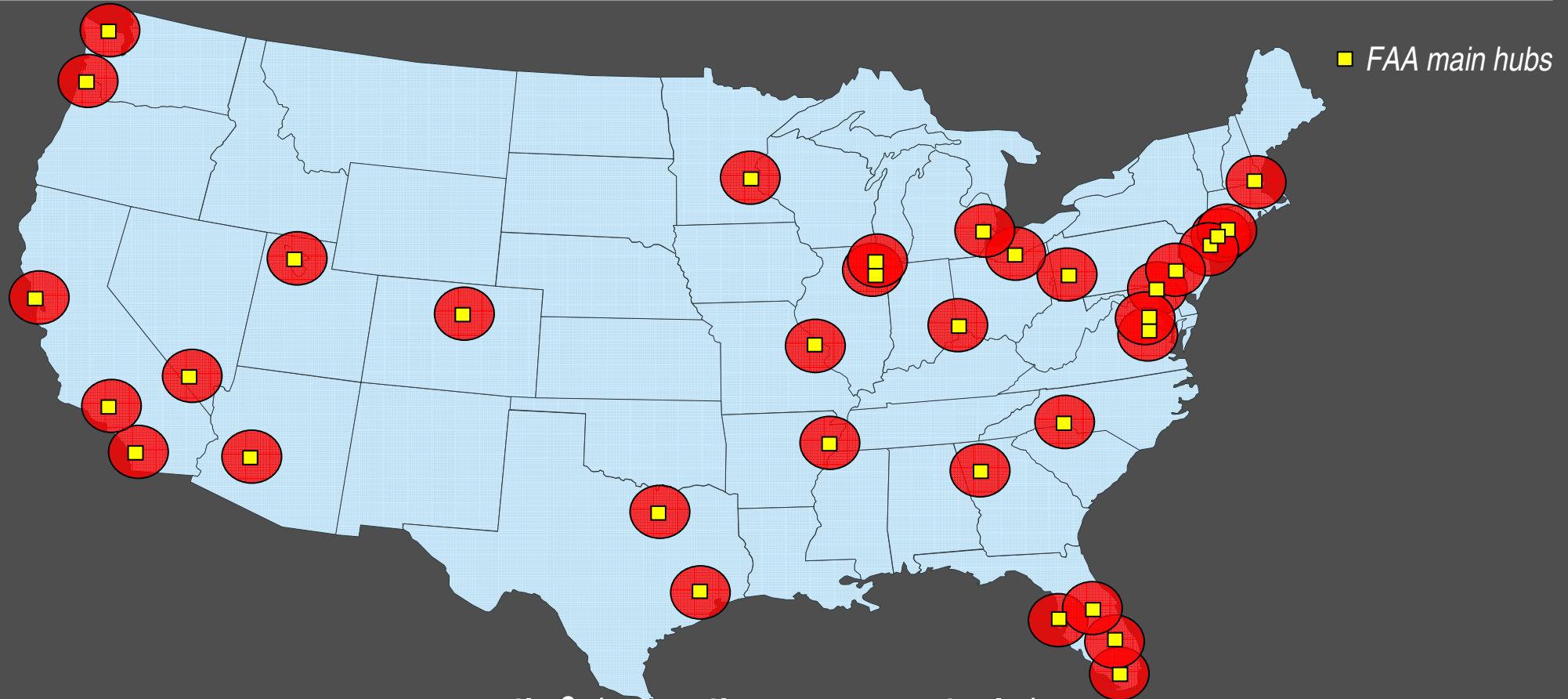
Increased hassle factor



Benefits Business Aviation

Commercial Aviation

Coverage limitation: Regions not adequately served



- Coverage area: 290,000 mile² (62 miles range circle)
- Population: 64 million

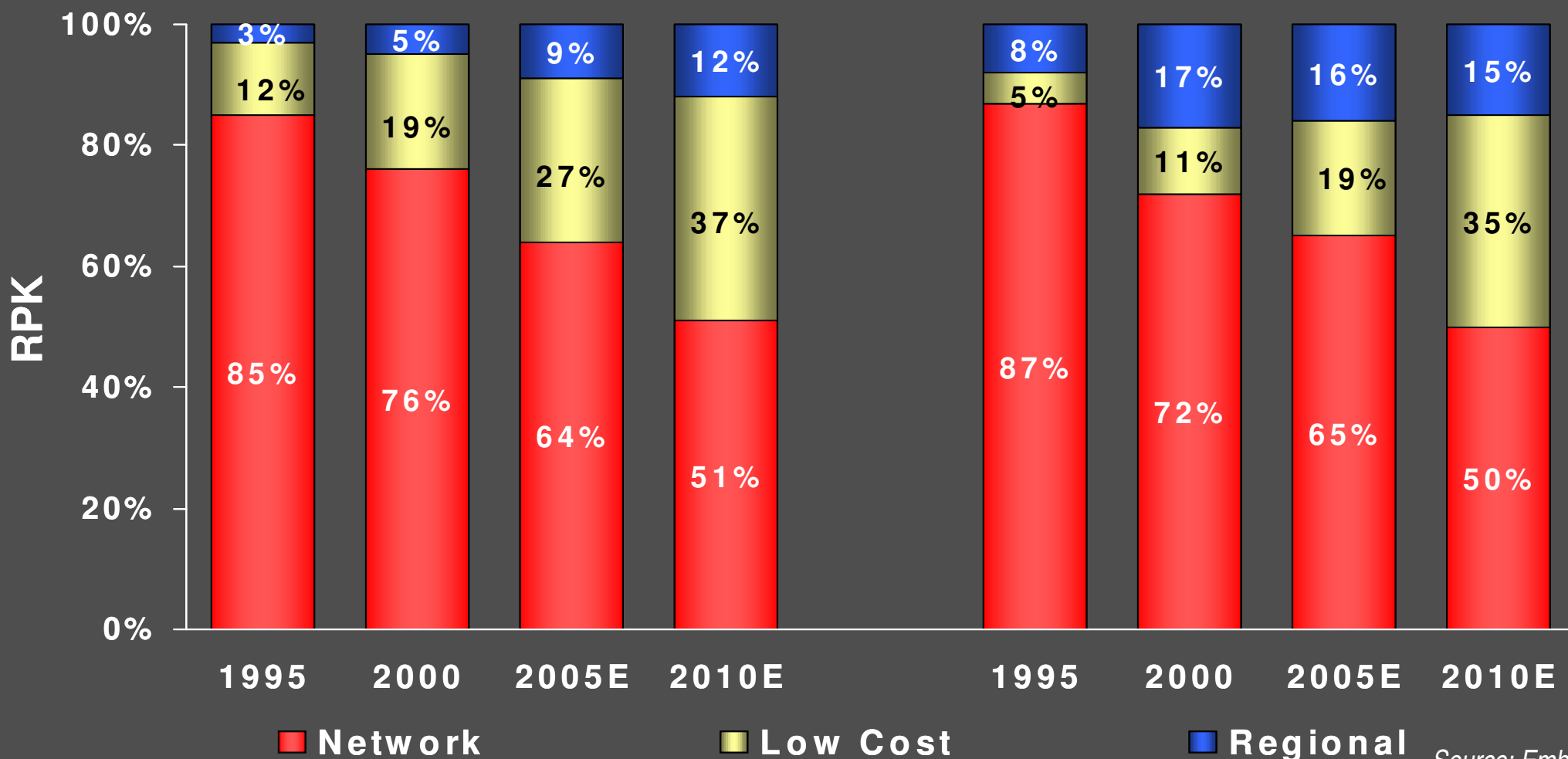
Sources: FAA 2005; US Census Bureau

70% of air traffic through 35 main hubs

"Premium" Customers Underserved

USA

Europe

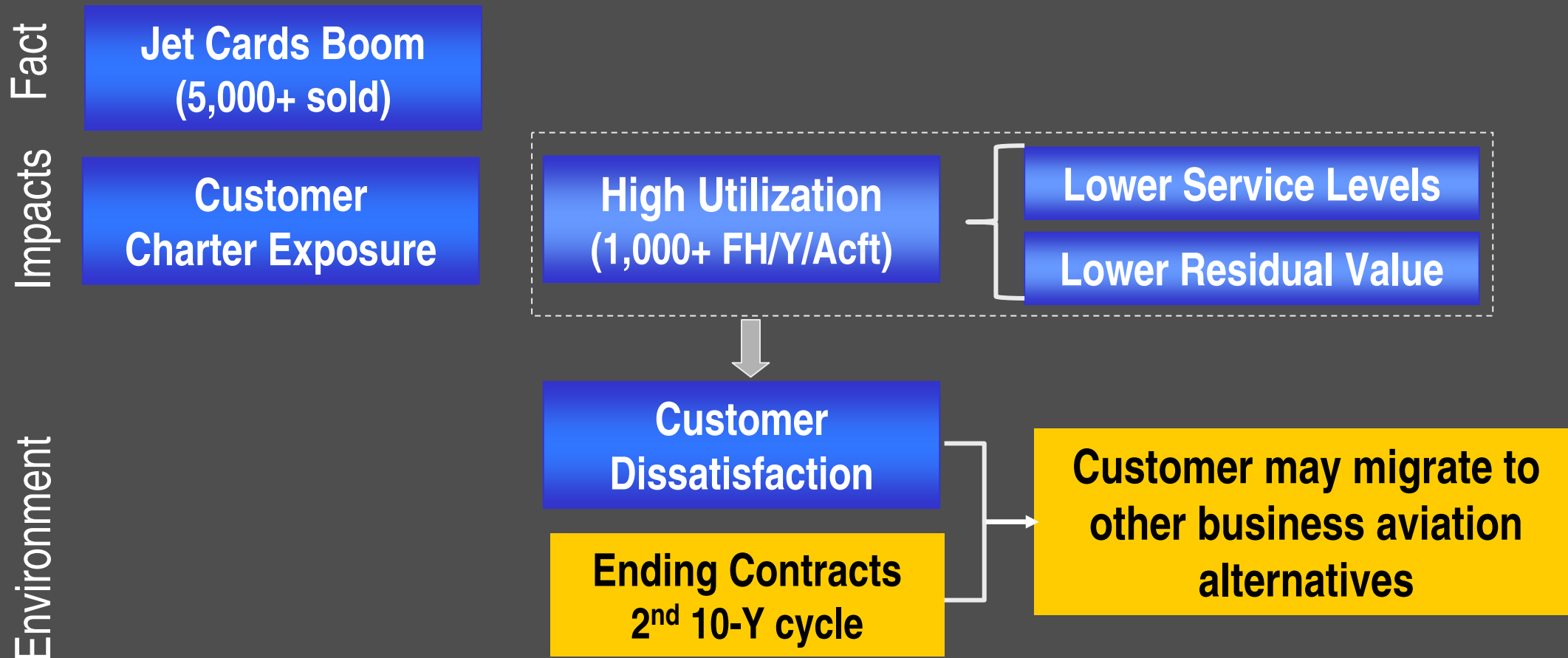


Source: Embraer analysis

World Premium offers declining

Business Aviation Growth: Fractional Scenario

- 106 deliveries in 2006 (4 majors)
- 10-20% of annual new business jets deliveries (UBS estimative)



Source: "Formerly Fractionalized", B&CA, February 2007; UBS Business Jet Monthly Report, February 2007

Growth mostly due to replacements and jet cards supply

Business Aviation Growth: Charter Scenario

- Average demand growth of 20% in 2006

Market Environment



Charter Operators

Fleet: 85% managed acft



Acft Owners

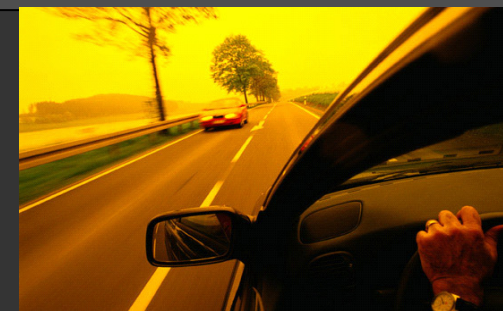
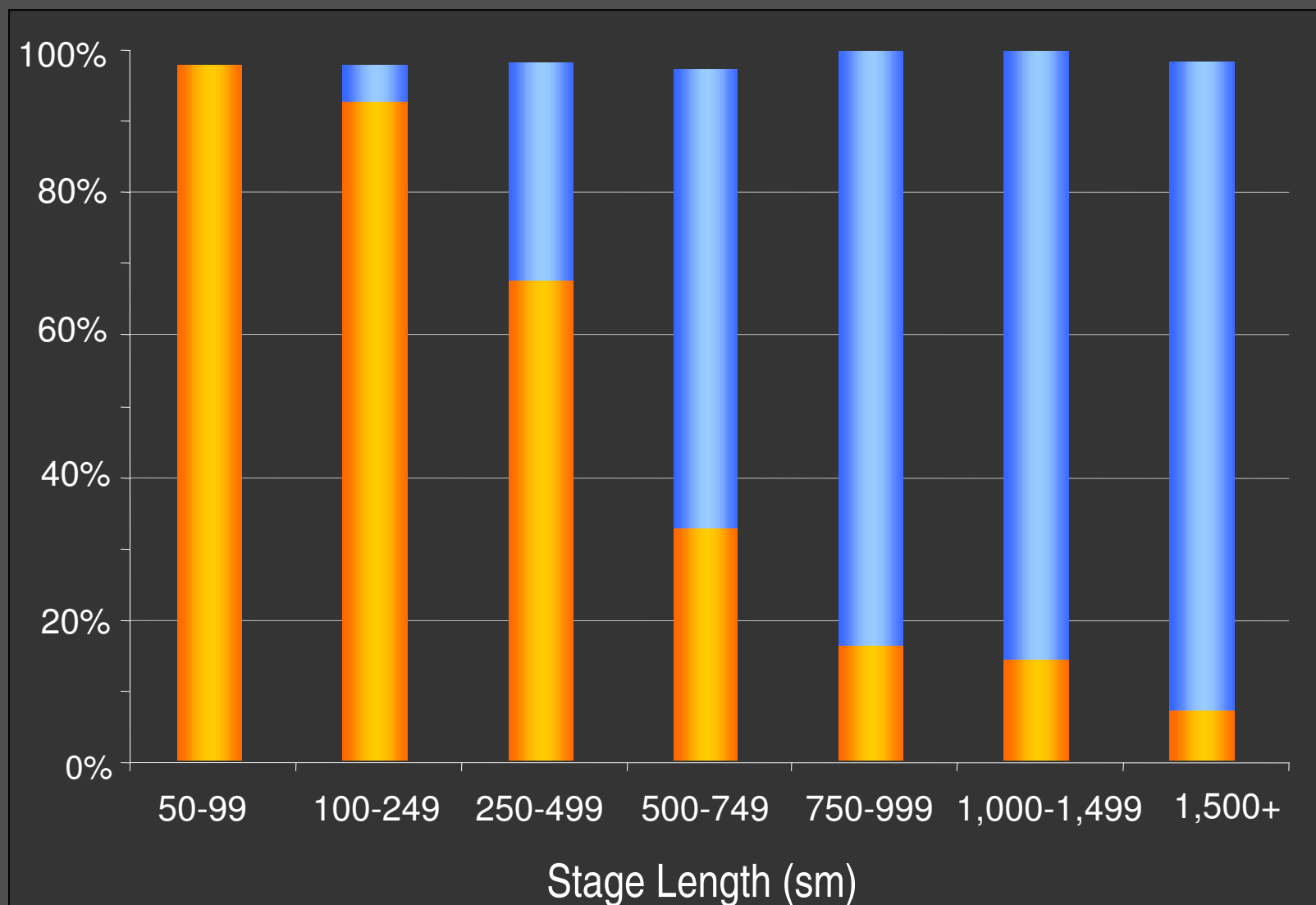
Interest: higher Charter prices

- Competitive Arena: Lower price trend
- Regulations: Managed acft tax issues



Source: "Charter at a Crossroad", B&CA, January 2007

Crossroad: Lower profit margins, albeit an increasing demand

Transportation Alternative: Car Business Trips



**Annual Business
Trips: 405 million**

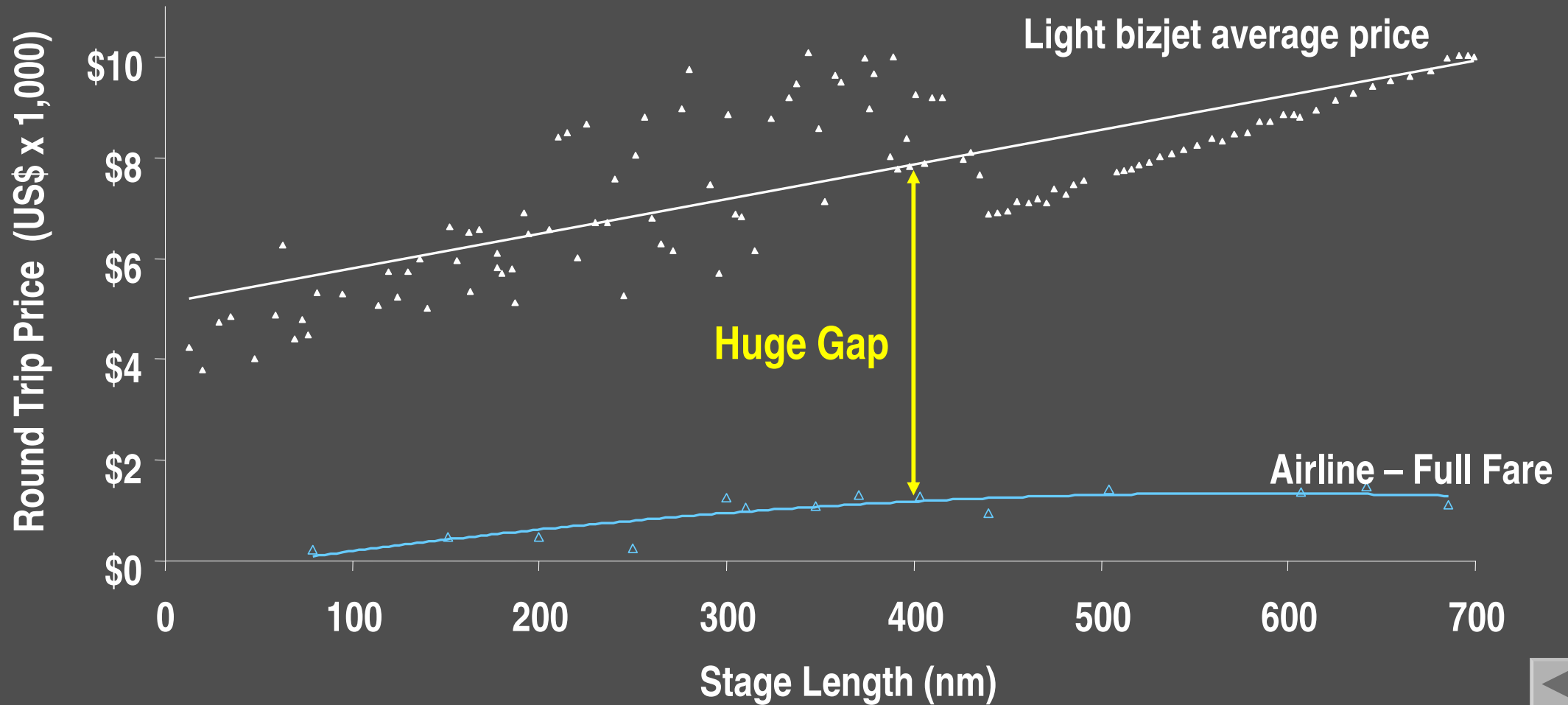
 Air Travel
 Car Travel

Source: National Household Travel Survey, Bureau of Transportation Statistics, 2003

81% made by car

Current Offer – Charter vs. Airline

All preliminary data



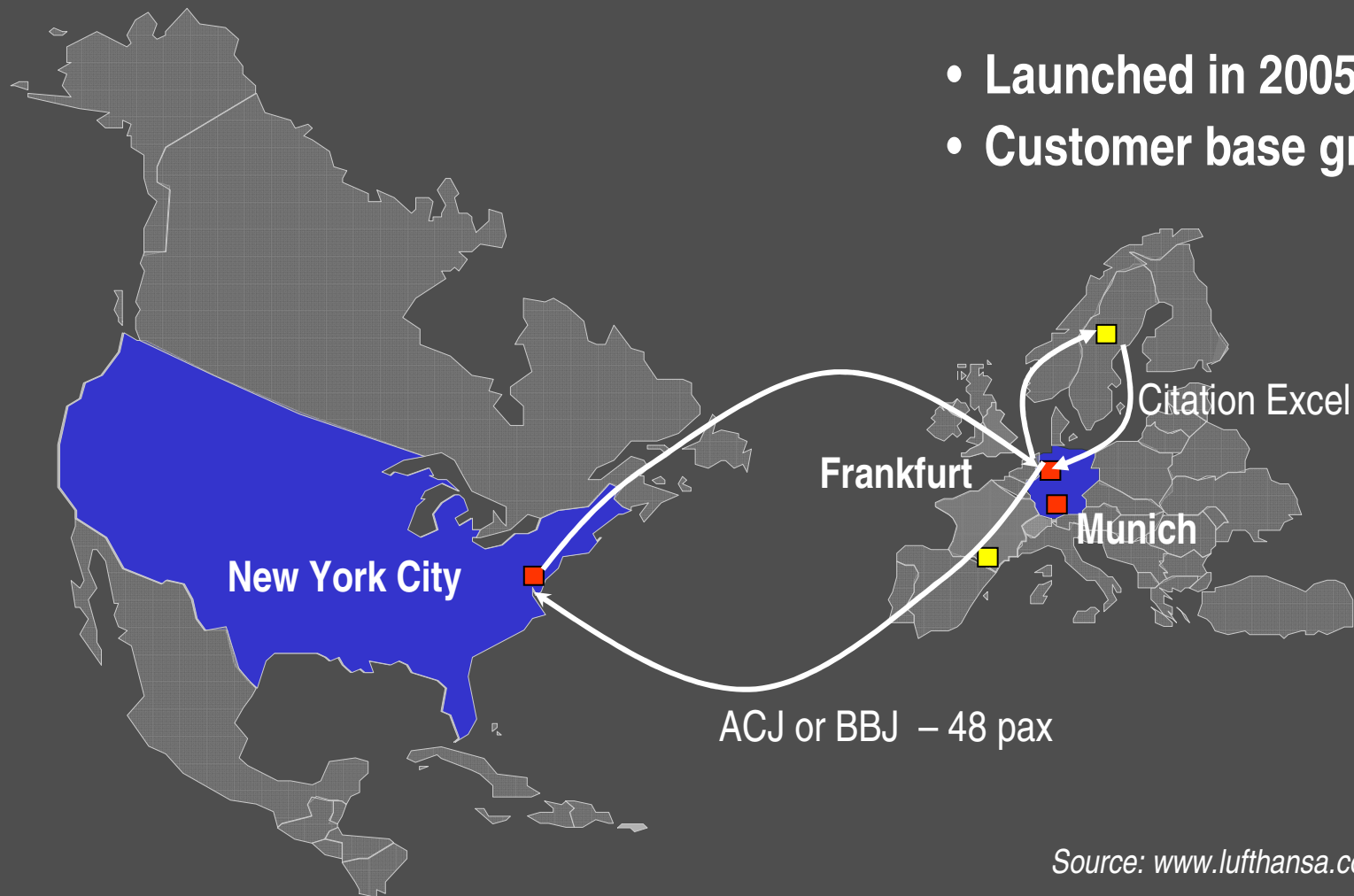
Sources: The Air Charter Guide; Expedia

The right VLJ can fill the gap

Airlines and Business Aviation Synergy

Business travelers retention in short-haul flights: Lufthansa Private Jet

- Launched in 2005
- Customer base growth: 14% / month

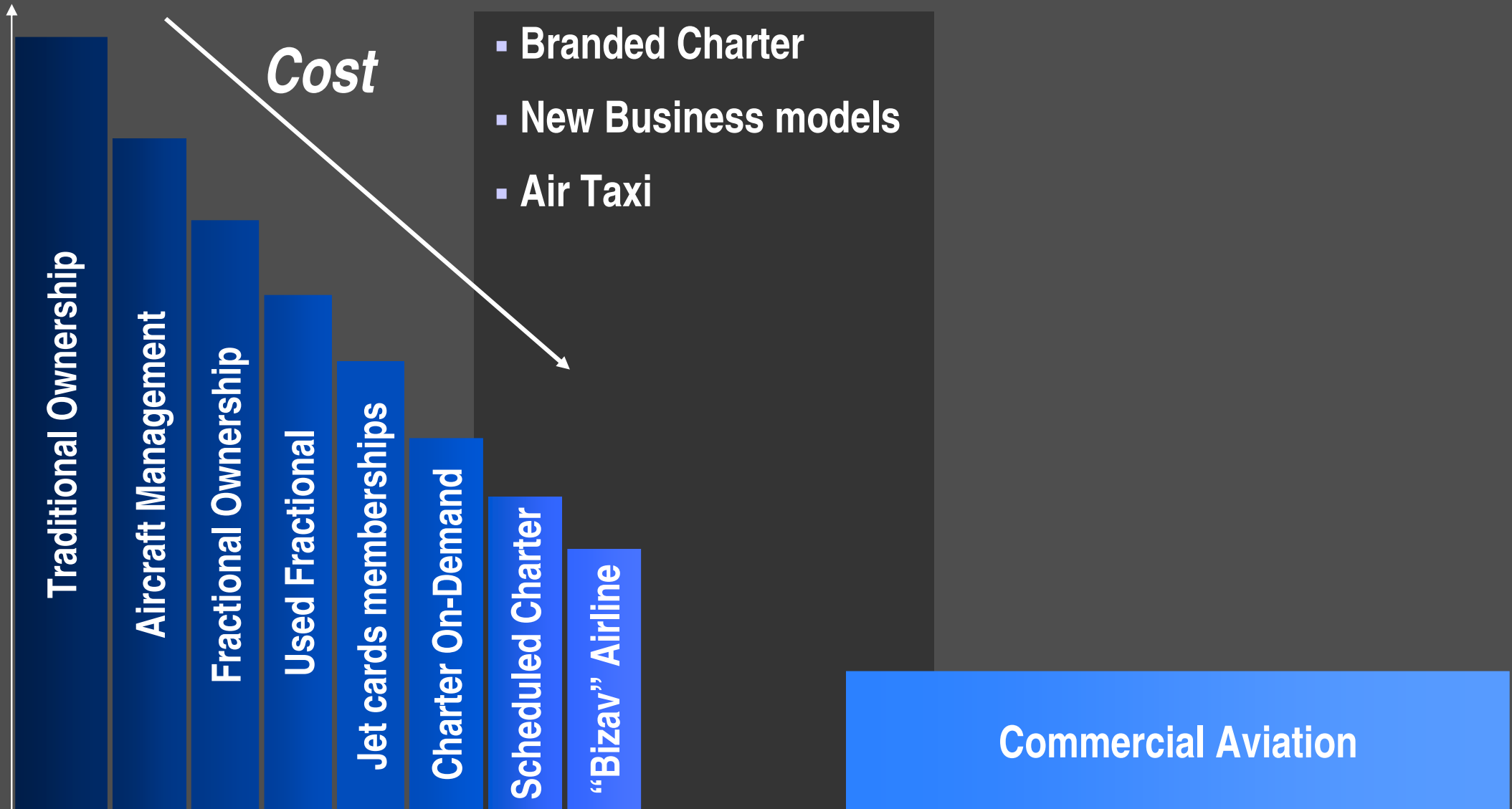


Source: www.lufthansa.com, B&CA MEBA ShowNews, January 2007

Business travelers customers account for 20% of Lufthansa revenues

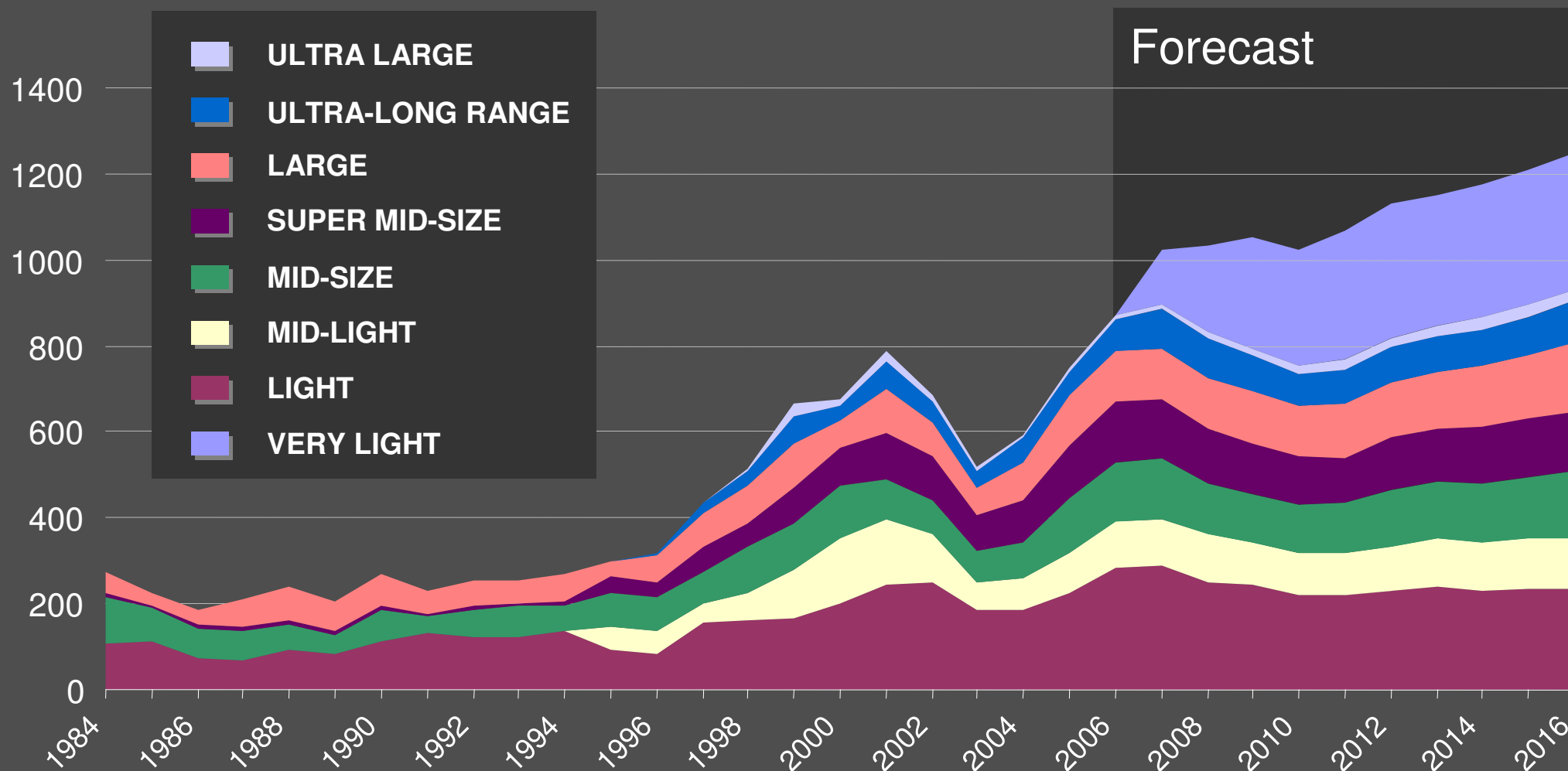
Industry Answer: Business Models Evolution

Yearly Total Cost



Source:: Embraer (adapted from Jet Solutions)

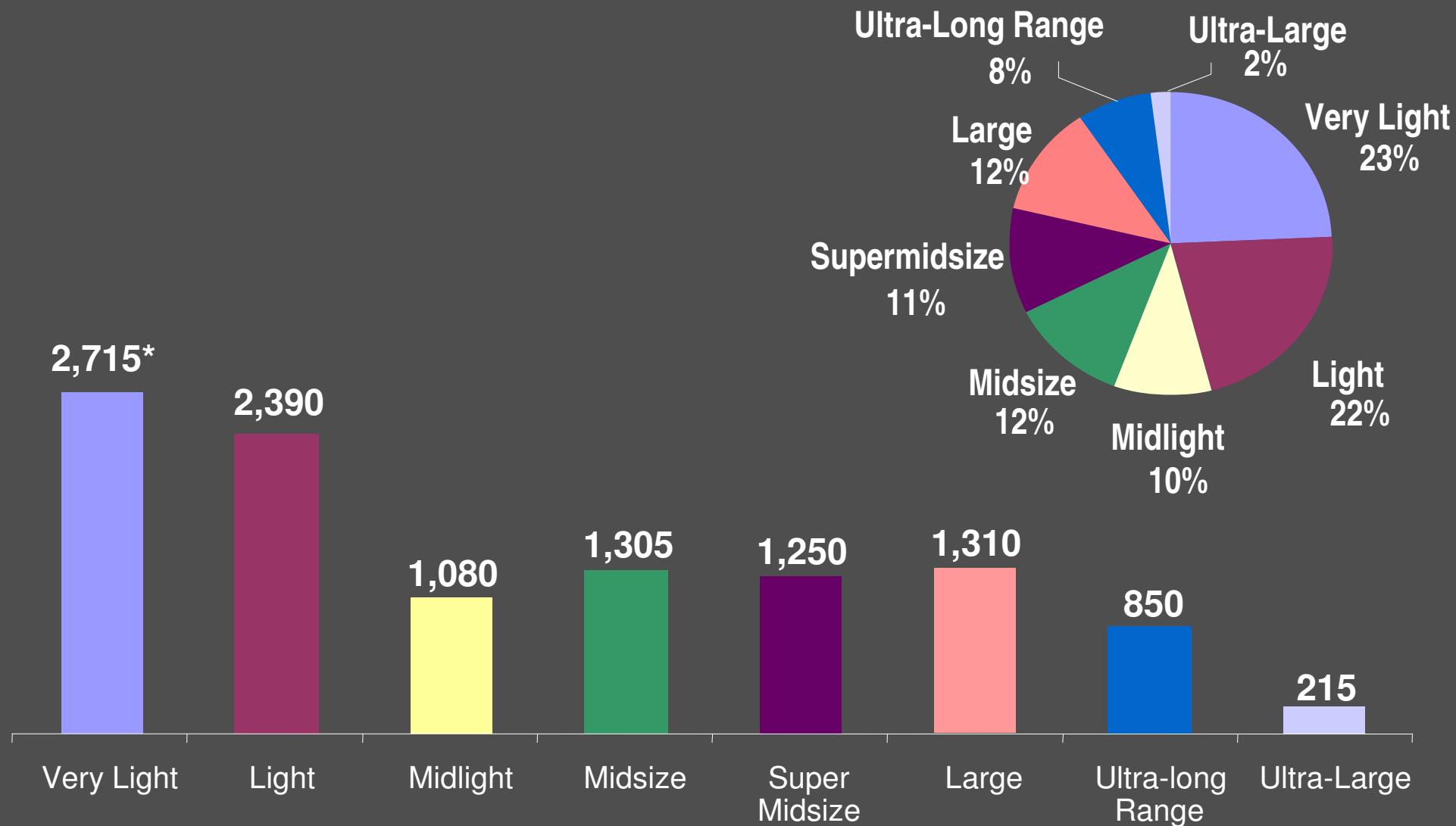
World Bizjet Deliveries Forecast (2007-2016)



Deliveries continue growing, particularly the VLJ segment

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World Bizjet Deliveries Forecast (2007-2016)



* additional VLJ new business models fleet demand of 2,500-3,000 units

11,115 executive jets → US\$ 169 billion in the next 10 years

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VLJ New Business Model Fleet Demand

■ 2005 – 2014 Forecast

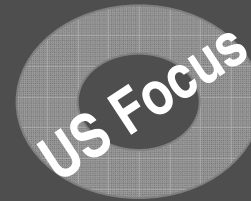


Affluent Market Annual Survey

Mendelson Report, 2003

Business Travelers Market

Travel Industry Association Report, 2001



**2,500- 3,000
Aircraft**

■ 2007 – 2016 Forecast



Business Travelers Market

Travel Industry Association Report, 2005

Prospect for Air Taxi Market in US

Velocity Group, 2006

**2,500- 3,000
Aircraft**

VLJ New Business Models Fleet Demand → 2,500 - 3,000 acft

VLJ World Deliveries Forecast (2007-2016)

Traditional Business Market: 2,715 Aircraft

- Bottom-up Analysis: Econometric Model
- Top-down Analysis: Regional Analysis

+

New Business Models Fleet: 2,500 – 3,000 Aircraft

- Top-down Analysis: Business Travelers Assessment

VLJ Total Demand Forecast → 5,215 – 5,715 Aircraft

- Hassle factor tends to increase
- Short haul business trips are even more inconvenient
- Growing demand for Business Aviation
 - Increasing need for: high-utilization, high availability and cost effective
- New business models filling the gap between current alternatives
 - Higher competitiveness and control: single type, owned fleet
 - Lower prices and higher profitability

The right VLJ will fit current and new operations



Phenom 100 Applicability

Phenom™ 100 – Design Drivers



Business Aviation Focus

- Premium comfort
- Outstanding performance
- Docile flying characteristics
- Next generation engines
- Human factors

+

Commercial Aviation Experience

- Designed for high utilization
- High availability
- Low operating cost

Competencies uniquely position Embraer to deliver design drivers

Phenom™ 100 – Design Drivers

Seamless cockpit & cabin design

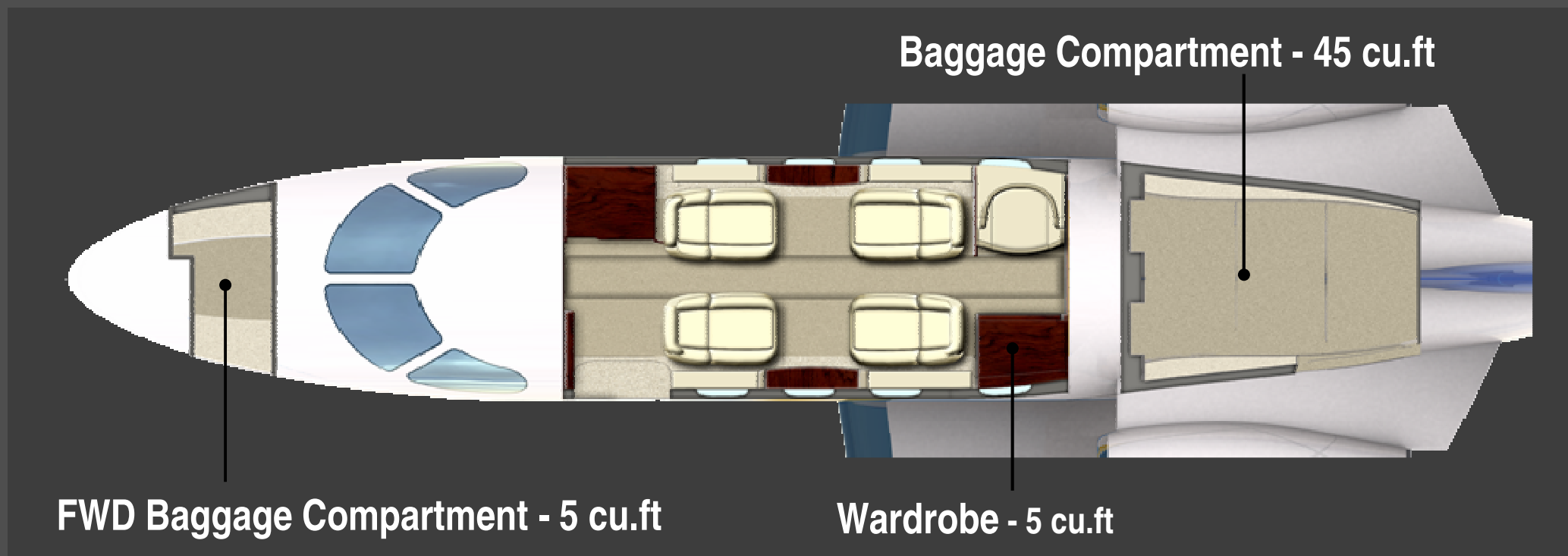


BMW Group
DesignworksUSA



Preliminary data

Phenom™ 100 – Floor Plan and Performance



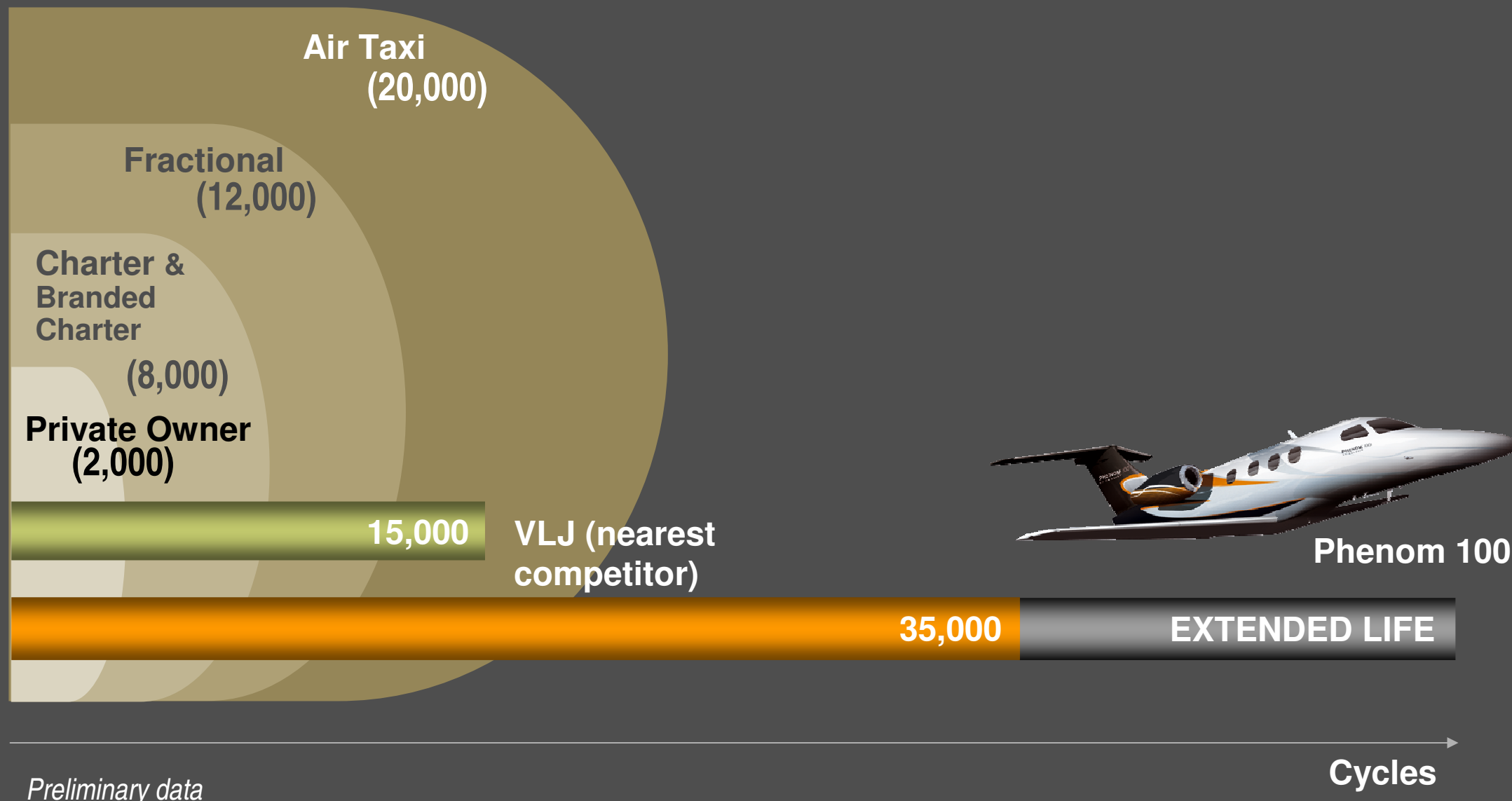
Preliminary data

Range*	1,160 nm
VFR range **	1,320 nm
MMO	Mach 0.70

Max ceiling	FL 410
TOFL***	3,400 ft

* 4 occupants @ 200 lb, NBAA IFR reserves (100 nm alternative, 35 min) ** 4 occupants @ 200 lb, VFR 45 min reserves *** MTOW, ISA, Sea Level

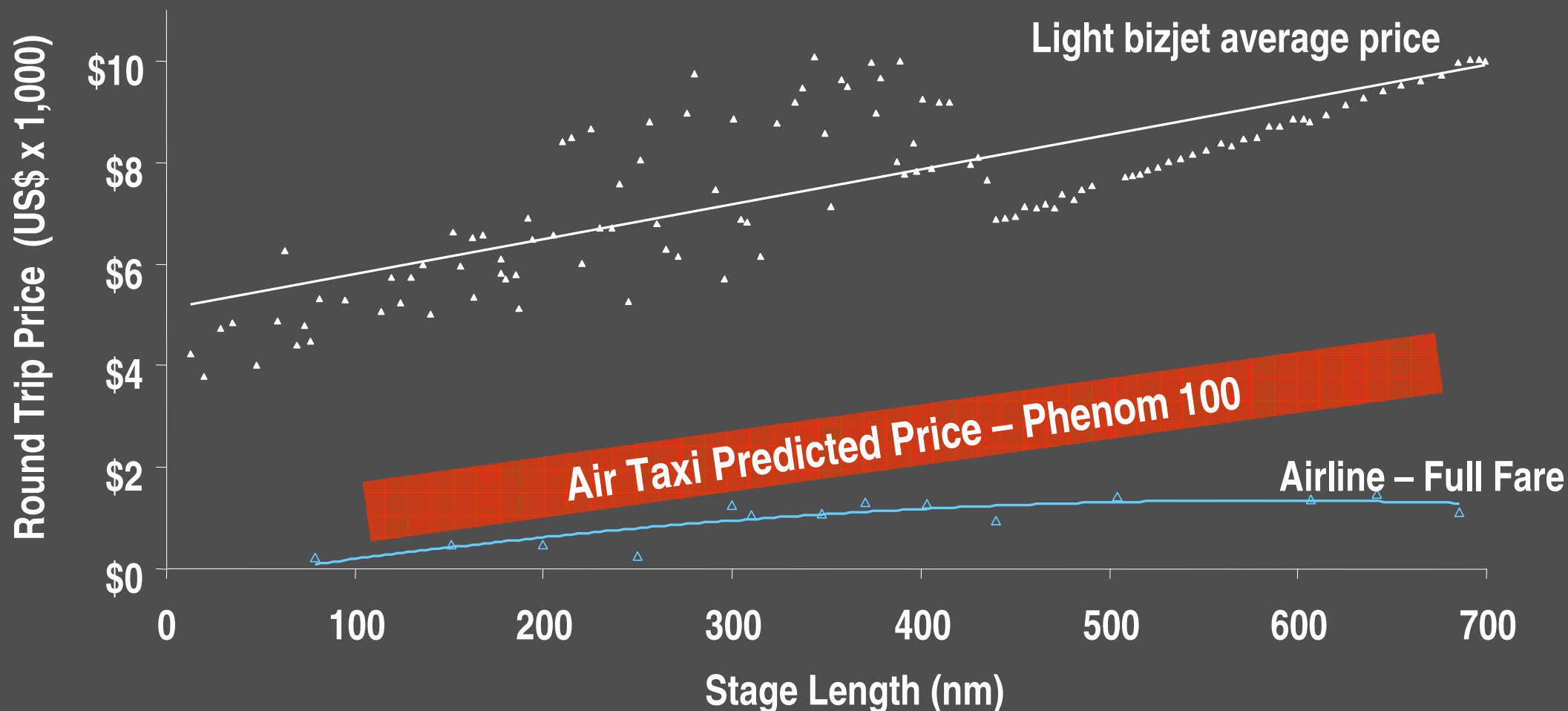
Economic Life – Typical Utilization over 10 years



Favors Residual Value

Air Taxi (per-seat on-demand): Filling the Gap

All preliminary data



Sources: The Air Charter Guide; Expedia; Embraer Analysis

Air Taxi may be an outstanding business opportunity to tap the gap

VLJs and Air Taxi: A 30 Year Concept

1977

FoxJet Unveiling



- Launch customer: Bill Lear
- 4 full-size mockups built
- 2 Engines – Williams WR44-800
- Speed: 400 kts
- Range: 1,216 nm
- 50% of competitor's price
- Expected 44 acft / month

“Hundreds of FoxJets at Charter operation will become the most convenient non-scheduled jet service at a fraction of the price of chartering other aircraft” (FoxJet BP extract)

73 orders by 1982, no deliveries

- Lack of financing
- Lack of engine availability – USAF prohibited WR44-800 civilian use

Source: www.machdiamonds.com , Luc Van Bavel

Why New Business Aviation Models Now?

Industry Offer Evolution

1986 1994 1996 1999 2000 2001 2002 2003 2004 2005 2006 2007



1st Air Taxi
Research



NASA AGATE
Highway in the sky



NASA GAP
Williams EJ22



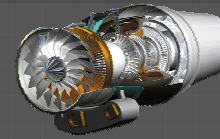
NASA SATS



ECLIPSE



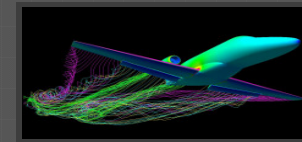
CESSNA
MUSTANG



PW 600
series



EMBRAER
STUDIES



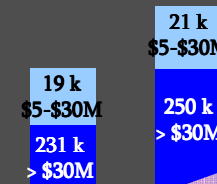
PHENOM
UNVEILING



HONDA JET

Demand
Dynamics

World Wealth
Growth



Increasing Hassle and Flexibility Demand



9/11



US delays record



Heathrow

Why New Business Aviation Models Now?

1986 1994 1996 1999 2000 2001 2002 2003 2004 2005 2006 2007

Right Product Availability



New Business Models Feasibility



Increasing Demand for Convenient Air Travel

Industry Offer Evolution

Demand

The World Discovers the Phenom Jets



(as of December 2006)

Phenom Jets - more than 350 firm orders in 24 countries

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Thank You!





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